

Message Text

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ACTION EB-07

INFO OCT-01 AF-10 EUR-12 ISO-00 INT-05 TRSE-00 COME-00

OMB-01 STR-04 EPG-02 CIAE-00 INR-07 NSAE-00 SS-15

NSC-05 SP-02 L-03 H-01 GSA-02 USIA-06 PRS-01

AID-05 CEA-01 /090 W

-----271450Z 081854 /42

R 271400Z MAY 77

FM AMEMBASSY LUXEMBOURG

TO SECSTATE WASHDC PRIORITY 5754

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION EC BRUSSELS

AMEMBASSY MOSCOW

AMEMBASSY PRETORIA

AMEMBASSY ANKARA

C O N F I D E N T I A L LUXEMBOURG 0402

DEPARTMENT PASS TREASURY (FAC/SOMMERFIELD)

3. O. 11652: GDS

TAGS: ETRD, EMIN, LU

SUBJ: RHODESIAN CHROME: CERTIFICATION OF SOVIET

FERROCHROME SHIPMENTS

REF: (A) STATE 117740; (B) MOSCOW 7467

1. UPON HIS RETURN FROM MOSCOW, MINERAIS DIRECTOR
ROGER EHRMANN MET WITH ECON OFFICER TO DISCUSS RESULTS
HIS MOSCOW TRIP. (MOSCOW REFTELTHOROUGH AND EXCELLENT
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STATUS REPORT.) EHRMANN FIRMLY BELIEVES THAT HIS COMPANY
CANNOT AFFORD TO ASSUME THAT U.S.-EC PROCEDURES NOW
UNDER NEGOTIATION WILL ADEQUATELY COVER THE QUESTION OF
PURCHASE CONTRACTS WITH THE U.S.S.R. PLEASE NOTE THAT
MINIERAIS' CONCERN IS SOVIET-PURCHASED FERROCHROME FOR
SALE IN BELGIUM AND LUXEMBOURG AND NOT FOR U.S. SALE
EXCEPT INsofar AS BELGIUM/LUXEMBOURG STEEL MIGHT

LATER BE EXPORTED THERE. AS PREVIOUSLY REPORTED, SOVIET AUTHORITIES ARE FULLY PREPARED TO CERTIFY THAT THE FERROCHROME SOLD TO MINERAIS IS OF U.S.S.R. DOMESTIC ORIGIN. EHRMANN IS CONVINCED THAT A U.S. INSISTENCE THAT THE SOVIET AUTHORITIES STATE FURTHER THAT U.S.S.R. IMPORTS NO CHROME ORE OR FERROCHROME FROM ANY COUNTRY (SEE PARA 11 REFTTEL A) WILL MEET WITH CHILLY RESPONSE. CHEARLY, IF U.S. DOES NOT INTEND TO REQUIRE THIS ADDITIONAL PLEDGE FROM THE SOVIETS, THEN THE COMPANY HAS NO PROBLEMS. HOWEVER, ON THE ASSUMPTION U.S. DOES SO INTEND, MINERAIS WANTS GOL TO ENSURE THAT E.C. NOT OVERLOOK THIS POINT IN U.S.-EC DISCUSSIONS.

2. ECON OFFICER, EHRMANN AND MFA DIRECTOR OF INTERNATIONAL ECONOMIC AFFAIRS, CHARLES REICHLING, HAD INFORMAL DISCUSSION OF SITUATION LATE MORNING MAY 27. REICHLING HAD, IN FACT, JUST DISCUSSED MATTER WITH PRIME MINISTER/FOREIGN MINISTER THORN AND SECRETARY GENERAL WURTH, ALTHOUGH WITHOUT BENEFIT OF REPORT ON MOSCOW TRIP. MFA IS CONCERNED ABOUT POSSIBLE DAMAGE TO COMPANY 1977 CONTRACT WITH U.S.S.R. IS FOR 6000 TONS OF FERROCHROME VALUED AT 150 MILLION FLUX, APPROXIMATELY U.S.\$4.2 MILLION). BEYOND ITS SYMPATHETIC VIEW OF LIKELY IMPACT ON MINERAIS' COMMITMENT TO SOVIET'S PURCHASES, MFA IS PUZZLED BY POSSIBLE U.S. REQUIREMENT OF STATEMENT BY SOVIET AUTHORITIES ON IMPORTS. MFA VIEWS SOVIET STATEMENT ON DOMESTIC ORIGIN OF FERROCHROME INVOLVED IN EXPORT TO BELGIUM/LUXEMBOURG AS SUFFICIENT TO SATISFY EC PROCEDURES ON RHODESIA SANCTIONS. FURTHER REQUIREMENTS
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WOULD BE SEEN AS ATTEMPT TO QUESTION U.S.S.R.'S GOOD FAITH WITH DOUBTFUL MOTIVE.

3. EMBASSY EXPECTS SHORTLY MFA DEMARCHE REQUESTING CLARIFICATION AND URGING SIMPLIFICATION OF U.S. PROCEDURES REGARDING IMPORTS FROM U.S.S.R. LEST THIS IMPORTANT EAST-WEST COMMERCE BE JEOPARDIZED. MFA ALSO INTENDS TO RAISE MATTER WITHIN APPROPRIATE EC GROUP. LATTER ACTION MAY PRODUCE BROADER QUESTIONING OF U.S. INTENT VIS-A-VIS SOVIETS ON RHODESIA SANCTIONS ENFORCEMENT ISSUE.

4. EMBASSY AND MFA REQUEST REPORT ON U.S. APPROACHES TO SOVIET AUTHORITIES. PHILLIPS

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